

Selling to an investor: Know your options to get the best offers

There are a lot of tough decisions you must make when faced with selling a home in today's tough real estate market. More than likely you've downloaded this report because you have more than just a casual desire to sell your home or investment property, you have a genuine need to sell and sell quickly. Choosing to sell to a real estate investor who will buy your home quickly is an excellent way to remove yourself from a difficult or financially draining situation.



Contrary to some public perceptions, real estate investors are not swindlers ranking even below used car salesmen on the ethical totem pole. Most investors are empathetic people who truly want to help you end your problems in a way where everyone comes out a winner. In order to best know how to help you sell your property, you will need to provide a good deal of information to the investor so the full situation can be evaluated. You can help streamline the process by knowing exactly what it is you need in order to facilitate the sale of your home or property and get the investor's very best offer(s).

Determine your bottom line.

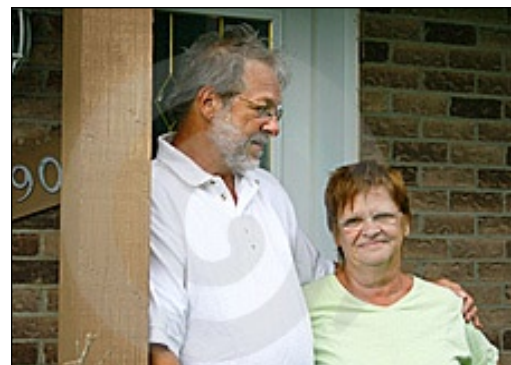
Know exactly what it is you need to get out of the sale of your home in order to get to the closing table. This may or may not involve an actual dollar amount! Try not think in terms of "I need to get X price for my home." Instead, think "I need to cover my moving expenses to another city pronto" or "I need to find a cheaper place to live since I got a pay cut and can't afford my mortgage payment" or even "I need to just get rid of this investment property that has had nothing but deadbeat tenants who keep wrecking the place."

When working with a professional real estate investor, there is always room to be creative in solving your immediate needs. Investors can sometimes offer trades of property if you need to downsize, help with your moving process or any number of other solutions. Tell them what you absolutely must have to make the sale work and it is probable the investor will be able to help you get it!

But what if you don't have any equity?

Today there are many property owners who have very few choices when it comes to selling their homes. Frequently those who need to sell are "upside down" in their mortgage, meaning they owe more than the house is worth, or they may be in a zero equity situation because home prices have dropped from when the property was purchased only a short time ago.

While it is true that you are more limited if you find yourself without equity, in some of these cases an investor will offer to purchase your home if you participate in a short sale. A short sale is where the bank accepts a sale for less than the amount actually owed on the property and (in most cases) waives the remaining balance. The scope of a short sale is outside of this report's purpose, however it is one of the best options available to those with little to no equity, who are behind on payments and/or can not afford a traditional sale through an agent because it will leave them with an outstanding mortgage debt.



Another option you can consider if you are not a candidate for a short sale is to actually lease your property to a real estate investor and allow them to have the option to purchase the property at a later date. This would be similar to renting your home to sell it later after the market turned, however by leasing it to an investor you are guaranteed your monthly payment (no vacancies to worry about) and have no problem tenants or damaged property to deal with. The investor will then usually rent out the property during the lease period (and they deal with all the rental issues and maintenance!) and be able to purchase the property from you in the future if or when it makes more sense in the economy.

If have equity and need cash (and most of us do at some point!), think about how you actually need it.

If you have equity in your property you don't have to walk away from it! Granted, many homes today have little to no equity because of the market downturn, in which case getting a check at closing for your property might not be an option. But those who have owned and/or not done a cash out refinance for many years and have a home in good shape probably have built some home equity that they are unwilling to loose. Its okay, our homes are supposed to be one of the biggest investments in our lives and you should be entitled to the benefits of that investment.



The key to keeping as much of your hard earned equity as possible is deciding how and when you need it. There are generally three ways in which you can receive your home's equity: upfront lump sum, recurring disbursements over time (usually monthly), or a lump sum at a later date.

The upfront lump sum is generally the method which most people are familiar with. It usually comes in the form of a check to the seller at the closing table. This big check (at least we all hope its big!) can be used to pay off debt or medical bills or is often put towards the purchase of a new home. If you do not have an immediate need to put this money towards a new home purchase or urgent debt, then you might consider on of the other methods of receiving your money in order to make an easier sale.

If you are in a position where you might not need all of your equity as cash at closing, the next best way to receive your money would be through monthly payments made to you from the buyer of your property. In essence, you will hold a "note" for the amount of equity you are owed and the buyer pays that amount in a monthly payment arrangement, similar to paying a bank mortgage except you get to pocket the checks! This is an excellent arrangement for many situations. Anyone who could use extra money in their pockets every month that could be put towards rent, living expenses, a new car, or paying down credit cards (just to name a few things) can easily see the benefit of receiving monthly payments instead of a lump sum.



Lastly, in some cases a home seller may be in a position where they do not need immediate cash or even monthly payments. While you would still want the money owed to you from your equity, if you are able to wait for it for a period of usually one or more years then you will be in a great place to negotiate with an investor. Those who are going away for active military duty, own more than one property already, or are planning for retirement in the future are all types of people who may be able to wait for their "payday."

Actually, there is one other method to receive money for your equity, and that is to use a combination of two or even all three of the above techniques. For example, maybe you are selling your home to move into an apartment. You need a couple thousand dollars to cover the rental deposit and moving expenses, but could then take the remainder of your equity as monthly payments for three years, at which

time any remaining balance from your equity would be paid out as a final lump sum at a time when you anticipate wanting to purchase another home. You can see how working with a real estate investor creates very flexible options. Each home purchased by an investor can have unique terms tailor-made to best suit each seller's situation.

Why should you consider the alternatives?

It's your equity, your money, so why should you consider taking anything other than a nice check at the closing table?

The honest truth is that no real estate investor, no matter how successful, has huge piles of cash lying in their bank accounts waiting to give it to you for your home. They may even be millionaires, but most of their money is "on paper" as assets and not cash they can hand you. On top of that, there are very strict lending laws which prevent any individual from getting traditional loans on more than a certain number of properties (which has varied from 4 to 10 depending on which law has been passed most recently). So an investor taking a loan to purchase your property may or may not be their first choice of action.

Generally speaking, if you must have cash for your home or if you contact an investor who primarily buys with cash, you can also expect an offer that is heavily discounted or even just plain low. Those who pay cash are not willing to use too much of their money on any one property, they need to be able to purchase many of the other properties that come their way. Plus they need more of their own cash for the repairs and marketing they will do for your house to be able to rent or resell it and recoup their costs. Home owners that must find a cash buyer fast must weigh the trade off between a quick and easy closing and accepting the possibility of selling the home for a lower than average price. In many sensitive situations this trade off is well worth the peace of mind the seller gets from finally selling the property.

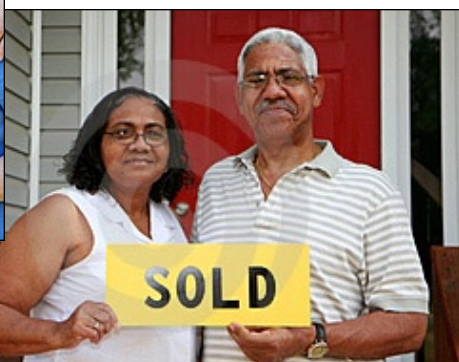
Fortunately for many sellers, simply knowing what you need and how you need it may enable you to get a better offer for your home than a pure cash offer. The less up front, out-of-pocket cash you need from an investor the higher the price they may be willing to give you. If you can take monthly payments or a delayed payment, you can be the happy recipient of the highest and best offers from the widest variety of real estate investors. Most investors will be happy to give you a higher price for your home if you can give them terms that will enable them to invest less of their own cash into the property.



Contact an investor and be ready to discuss your property and your situation.

The first step after downloading this report and thinking about your own situation is to make the call or send the email and contact a real estate investor in your area.

Be prepared to discuss sometimes "touchy" topics such as your mortgage loan, financial situation, property condition and reasons for selling. Know that investors are asking these and other questions in order to determine how they can best help you, NOT to pass judgement or even profiteer from your personal situation.



Knowing your needs and options will enable you to tell the real estate investor key information that will ideally lead to you receiving the very best offers they can make.